



DEPARTMENT OF THE ARMY
HEADQUARTERS, MILITARY TRAFFIC MANAGEMENT COMMAND
200 STOVALL STREET HOFFMAN BUILDING II
ALEXANDRIA VA 22332-5000



Passenger and Personal Property Division

23 MAR 2001

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Ladies and gentlemen:

This letter announces important information concerning the present and future enforcement of Military Traffic Management Command's (MTMC's) contractual rules requiring carriers to reveal their common financial and/or administrative control (CFAC) relationships as a condition of doing business in our International Personal Property Program.

On February 21, 2001, the US Department of Justice (DOJ) and MTMC announced that six DOD approved personal property carriers have agreed to pay two million dollars (\$2M) to settle allegations that they knowingly misrepresented to MTMC that they were not under CFAC. The six carriers are: American Eagle Worldwide Forwarders, Inc.; Cascade International, Inc.; Northwest Consolidators, Inc.; Shoreline, International, Inc.; Wold International, Inc.; and Zenith Forwarders, Inc. In addition to paying \$2M, all six freight forwarders agreed permanently to cease and desist from participation in programs administered by MTMC and to refrain permanently from attempting to participate in other programs administered by any agency of the United States. This settlement arose out of a *Qui Tam*, or "whistleblower", lawsuit filed by the former Comptroller of Pan American Products, Inc., which acted as factor for the six carriers. The *Qui Tam* statute allows private parties (referred to as "Relators") who file lawsuits alleging fraud against the government, to share in any recovery the government makes based upon their allegations. The Relator who made the allegation that is the basis for this settlement will receive 17% of the settlement or \$340,000.

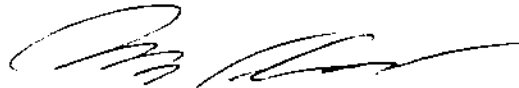
Settlement of the above mentioned case validates MTMC's longstanding concern about CFAC relationships and establishes an invaluable precedent for enforcement of MTMC's CFAC disclosure requirements. Moreover, the case illustrates the urgent need for vigorous enforcement of MTMC's CFAC requirements. Therefore, effective immediately, MTMC will begin a comprehensive review of CFAC declarations on file. Those declarations, which do not appear to be consistent with known facts or circumstances, will be identified for further investigation and possible referral to the Justice Department for action.

However, in the interest of bringing our industry partners into compliance, rather than taking protective actions, I am encouraging carriers to review their existing CFAC declarations. If circumstances have changed or if you have questions about program requirements you should contact Mrs. Sylvia Walker within 60 days from the date of this

letter. Compliance with CFAC disclosure requirements will help maintain program integrity essential to the delivery of quality personal property transportation services for Department of Defense (DOD) members and their families. Your cooperation is vital to the success of the DOD Personal Property Program. Together with your help, we can make a difference.

My point of contact for CFAC issues is Mrs. Sylvia Walker, MTPP-HQ,
(703) 428-2982, email: walkersylvia@mtmc.army.mil.

Sincerely,



Nonie C. Cabana
Colonel, USAF
Deputy Chief of Staff for
Passenger and Personal Property

Copy furnished:

American Movers and Storage Association
Household Goods Forwarders Association of America

APPENDIX AZ

TENDER OF SERVICE

PERSONAL PROPERTY HOUSEHOLD GOODS AND UNACCOMPANIED BAGGAGE OMB 0702-0022 (31 May 90)

PART I - QUALIFICATION

A. GENERAL

1. Gender. The first person singular pronoun is used throughout this Tender of Service and refers to a person, partnership, or corporation submitting such tender.

2. Tender of Service.

a. I understand that both this Tender of Service and Rate Solicitation are binding.

b. I will submit to the Commander, Military Traffic Management Command (MTMC), Attn: MTOP-JFR, 5611 Columbia Pike, Falls Church, VA 22041-5050, the Tender of Service Signature Sheet certifying that I have read and understand the terms and conditions and agree to provide service as set forth in this Tender of Service. I will retain the actual Tender of Service for my files.

c. As required on the Tender of Service signature sheet, I agree to either certify that I am not under common financial and administrative control with any other carrier(s) or forwarder(s) or to provide a list of the carrier(s) or forwarder(s) with which I have a common financial and administrative control relationship. As used herein, the term "common financial and administrative control" means the power, actual as well as legal, to influence the management, direction, or functioning of a business organization. Circumstances surrounding organization or operation which may, but do not always, result in a common financial and administrative control relationship include the following:

- (1) Majority or minority ownership.
- (2) Familiar relationships.
- (3) Voting of securities.
- (4) Common directors, officers and/or stockholders.

- (5) Voting or Holding trusts.
- (6) Associated companies.
- (7) Contract or debt relationships.

d. I understand that submission of this Tender of Service signature sheet, hereafter referred to as tender, is a prerequisite to my consideration for Department of Defense (DOD) approval for the movement of personal property; that it does not obligate the Government in the distribution of traffic; and that such submission indicates that I consider myself to be qualified, willing, and able to accept shipments from military activities and seek such shipments under the terms set forth herein. I will be notified of changes to the tender by certified mail. Changes, additions, and deletions are effective upon receipt of notification unless specifically stated otherwise.

e. I agree to comply with all requirements of the carrier's qualification program as prescribed by HQ MTMC.

3. Operating Authority.

a. I certify that I hold all necessary operating authority issued in my name, from appropriate regulatory bodies, for the transportation of personal property and will provide copies of each authority to the HQ MTMC, Attn: MTOP-JFR; or that I am exempt from such regulatory certificate by operation of law or order of an appropriate regulatory body and, in addition to tariff and legal requirements, agree to the provisions of this tender.

b. I agree to provide service to all areas contained in my operating authority from those installations where I have filed a letter of intent (LOI), except that in filing an LOI, I will not be required to offer services to destination areas which involve gateways requiring circuitous routing that would increase the distance from points of origin to points of destination of a shipment to an extent which would cause the required delivery date (RDD) to be missed. Failure to provide service to all areas covered by my LOI, as evidenced by a continuous pattern of selectivity as to shipments accepted, or continuous refusal of shipments to specific destination areas, may be grounds for suspension and possible return of my LOI.

4. Surface/Aerial Port Agents.

a. I understand and agree that the facilities of CONUS and overseas surface/aerial port agents meet national/host country standards and codes with respect to fire safety, prevention and protection requirements; storage of combustible materials; and are utilized in accordance with generally accepted warehousing practices. Facilities are subject to inspection by competent authority; if facilities are found unsatisfactory, I will